

# MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION

## Official Minutes

### TABLE OF CONTENTS

August 9, 2006

#### **COMMISSION/DIRECTOR ITEMS**

Closed Meeting -----	3
Approval of Minutes -----	3
Consent Agenda -----	4
Reports of Commission Committees and Commission Related Boards -----	4
Director's Report -----	5
I-64/Route 40, St. Louis County, Reconstruction Traffic Management Plan -----	5

#### **PUBLIC PRESENTATIONS**

St. Joseph Chamber of Commerce -----	6
Mo-Kan Regional Council -----	8
Unscheduled Public Comments -----	9

#### **MODOT PRESENTATIONS**

Projects of Regional Significance -----	10
---	----

#### **POLICIES/ADMINISTRATIVE RULES**

Final Order of Rulemaking, 7 CSR 10-25.040, Notice to be Given to Consumers by Household Goods Carriers – Timing of Delivery, Form and Contents -----	11
--	----

#### **STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM**

Consideration of Bids on Federal-Aid and State Projects -----	12
Roadway Design Approval -----	14
Ratification of Approval of Right of Way Plans for Condemnation -----	15
The Fulton South Business 54 Transportation Development District, Consideration of the Project and Appointment of an Advisor -----	16

#### **BUSINESS ISSUES**

Amendment 3 Bond Sales -----	17
Medical and Life Insurance Plan, Calendar Year 2007 Funding, Medical Plan Options -----	17
Audit Charter and Audit Committee Charter -----	19
Airspace Agreement, Interstate 70, City of St. Louis -----	22
Hybrid Utility Truck Pilot Program, Use of Alternative Fuels -----	23

#### **PROPERTY ACQUISITION/RIGHT OF WAY/CONVEYANCES**

Disposal of Excess Property, Pulaski County, I-44 SPUR (Missouri Avenue) -----	24
Outdoor Advertising Restriction Conditional Waiver, Route 50/63, Cole County -----	24

**—REPORTS—**

Financial Report – Fiscal Year 2006 .....	25
---	----

\* \* \* \* \*

Luncheon Meeting in Savannah Condition of Supplementary System .....	26
--	----

**MINUTES OF REGULARLY SCHEDULED HIGHWAYS AND  
TRANSPORTATION COMMISSION MEETING HELD IN  
ST. JOSEPH, MISSOURI, ON WEDNESDAY, AUGUST 9, 2006**

A regularly scheduled meeting of the Missouri Highways and Transportation Commission was held on Wednesday, August 9, 2006, at Missouri Western State University, 4525 Downs Drive, St. Joseph, Missouri. The meeting was called to order at 9:30 a.m. by Bill McKenna, Chairman. The following Commissioners were present: James B. Anderson, Duane S. Michie, Mike Kehoe, and David A. Gach. Having given prior notice, Vice-Chairman Marjorie B. Schramm was absent.

The meeting had been called pursuant to Section 226.120 of the 2000 Revised Statutes of Missouri, as amended. The Secretary verified that notice of the meeting was posted in keeping with Section 610.020 of the 2000 Revised Statutes of Missouri, as amended.

\* \* \* \* \*

\* \* \* \* \*

Pete Rahn, Director of the Missouri Department of Transportation, Rich Tiemeyer, Chief Counsel for the Commission, and Mari Ann Winters, Secretary to the Commission, were present on Wednesday, August 9, 2006.

\* \* \* \* \*

*"Department" or "MoDOT" herein refers to Missouri Department of Transportation.  
"Commission" or "MHTC" herein refers to Missouri Highways and Transportation Commission.*

## **CLOSED MEETING**

The agenda of the closed meeting was posted in keeping with Sections 610.020 and 610.022, RSMo., including the following statutory citations allowing the meeting to be closed:

1. Section 610.021(11), (12) – Specifications for competitive bidding, sealed bids, or negotiated contracts.
2. Section 610.021(1) – Legal actions and attorney-client privileged communications.
3. Section 610.021(3), (13) – Personnel administration regarding particular employees.

Immediately prior to closing its meeting at 8:00 a.m., and upon motion duly made and seconded to convene in closed session, the Chairman asked for a voice vote of the members.

The vote was as follows:

Commissioner McKenna, Aye  
Commissioner Michie, Aye  
Commissioner Anderson, Aye  
Commissioner Kehoe, Aye  
Commissioner Gach, Aye

whereupon the Commission closed its meeting.

\* \* \* \* \*

## **APPROVAL OF MINUTES**

Upon motion by Commissioner Michie, seconded by Commissioner Kehoe, the Commission unanimously approved the minutes of the regularly scheduled meeting held on July 11, 2006. The Chairman and Secretary to the Commission were authorized and directed to sign and certify said minutes and to file same in the office of the Secretary.

\* \* \* \* \*

## **CONSENT AGENDA**

### **Consent Agenda Process**

In order to make the most efficient use of Commission meeting time and to ensure the Commission members are well informed on issues requiring their action, the staff prepares and submits to the Commission members, in advance of their meeting, internal memoranda consisting of advice, opinions, and recommendations related to the items on the Commission meeting agenda. Those items considered by the staff to be of a routine or noncontroversial nature are placed on a consent agenda. During the meeting, items can be removed from the consent agenda at the request of any one Commission member. The items that are not removed from the consent agenda are approved with a single motion and unanimous vote by a quorum of the members.

Minutes reflecting approval of items on the consent agenda are singly reported herein and intermingled with minutes reflecting action on related subjects that were openly discussed. Reference to "consent agenda" is made in each minute approved via the process described in the paragraph above. Minutes reflecting action on items removed from the consent agenda and openly discussed reflect the open discussion and vote thereon.

### **Consideration of August 9, 2006, Consent Agenda**

Upon motion by Commissioner Anderson, seconded by Commissioner Michie, all items on the consent agenda were unanimously approved.

\* \* \* \* \*

## **REPORTS OF COMMISSION COMMITTEES AND COMMISSION RELATED BOARDS**

The Commission has two committees: Audit and Legislative. In addition, it elects Commission representatives to two boards: Missouri Transportation Finance Corporation Board of Directors and MoDOT and Patrol Employees' Retirement System Board of Trustees. No

committee reports were made during the August 9, 2006, meeting.

\* \* \* \* \*

## **DIRECTOR'S REPORT**

Director Pete Rahn, provided the following report:

**Smooth Roads Initiative Evaluation Tours** – The staff will be touring the state during the next two weeks to evaluate progress being made on the Smooth Roads Initiative. It is anticipated that the three-year program will be completed in two years (December 31, 2006).

**Lost Work Days** – The number of days that employees have been absent from the job due to work-related injuries decreased from 3027 in 2005 to 506 to date in 2006. Mr. Rahn attributed the significant reduction to the expertise and efforts of Beth Ring, Risk Management Director.

\* \* \* \* \*

## **I-64/ROUTE 40, ST. LOUIS COUNTY, RECONSTRUCTION TRAFFIC MANAGEMENT PLAN**

Commissioner Anderson recalled that during the July 11, 2006, Commission meeting requests were made during the public comment period for an opportunity for St. Louis business interests and citizenry to have input into the I-64/Route 40, St. Louis County, reconstruction traffic management plan. He asked the staff to address these concerns.

District Engineer Ed Hassinger acknowledged that the reconstruction project would have significant impact on the St. Louis area. As a result, he advised that a community group had been formed, which is comprised of representatives of St. Louis County, St. Louis City, and all cities along the corridor. This group will work with MoDOT to develop an outreach process to ensure the local area receives the best and first information on the status of the construction project and how to access businesses.

Mr. Hassinger said that MoDOT would also be working with Washington University to sponsor an open forum to talk about the issues and concerns. The forum will include national experts on the impacts of construction and the benefits to be derived therefrom.

In addition, Mr. Hassinger reported that the MoDOT staff has been working with the light rail provider in St. Louis (MetroLink) on some collaborative efforts and are continuing to look for other opportunities to lessen the impact of construction on the motorists, local area businesses, and the public.

\* \* \* \* \*

#### **PUBLIC PRESENTATION – ST. JOSEPH CHAMBER OF COMMERCE**

Mr. Tom Lesnak, Senior Vice President, St. Joseph Area Chamber of Commerce, referred to the Route AC (Riverside Road) extension project. He told the Commission that the extension would allow a new business park to be developed that will involve several million dollars in capital investment and result in several thousand jobs.

Mr. Lesnak reported that in recent years there has been a significant increase in the number of economic development projects that are transportation related, such as warehouse distribution centers and businesses involving products using rail and river ports. He concluded that the increase was a direct result of the improvement in Missouri's transportation system, and he said the area was looking forward to benefiting from even more improvements in the future.

Mr. Brad Lau, Executive Director of the St. Joseph Regional Port Authority, stated that improvements have been made to the port facility in St. Joseph as a result of the MoDOT waterways grant program. He said the port would be further enhanced by an access road made possible by congressionally earmarked federal funds.



Mr. Lau told the Commission that MoDOT had partnered with the City of St. Joseph, the St. Joseph Area Chamber of Commerce, and area businesses in a project to beautify the intersection at Route 169 (Belt Highway) and Frederick Avenue. He said the aesthetic improvements had a positive impact on economic investments in the Belt Highway area.

Mr. Lau reported that improvements are needed on Route 759 in order to accommodate truck traffic to the agricultural processing plant and the future bio diesel plant. Currently he said the deteriorating surface is frequently covered with dirt as grain trucks are forced to park on dirt shoulders as they wait to unload their products.

Mr. Andy Clements, representing both the City of St. Joseph and the St. Joseph Metropolitan Planning Organization (MPO) reported that the MPO area includes approximately 112,000 residents, 75,000 of which reside in the City of St. Joseph. Mr. Clements reported that Route 752 extends to the stockyard's industrial area via a bridge over busy railroad tracks. He stated that the intersection of Route 752 with the railroad tracks was often blocked by trains. He reported that a train passes through the area every 18 minutes, and he stated that a grade separation is critically needed. He said the local area is seeking federally earmarked funds to provide this improvement.

Mr. Clements noted that while he was pleased that the extension of Route AC would soon be constructed, the MPO feels it does not go far enough to address other issues, such as providing better access for Heartland Regional Medical Center, which serves a 20 county area in northwest Missouri, northeast Kansas, Nebraska, and Iowa. Completion of Route AC, he said, would also relieve congestion on Route 169, which runs through the commercial retail area of St. Joseph. Mr. Clements said the MPO has determined that continuation of Route AC to the north and then to the west would (1) relieve congestion on Route 169, (2) serve a large

residential development, and (3) enhance commercial and retail development.

Mr. Clements reported that the MPO was focused on supporting and enhancing economic development and, therefore, it desires to improve access to all modes of transportation. He noted that MoDOT staff has been involved in their aviation, port, and mass transit programs. He said that a great roadway system, railway system, and ports are the three key elements needed to compete on a global basis, and all those are in place in St. Joseph.

Commissioner Michie noted that Missouri has more inland waterways than any other state in the nation; however, their economic benefit was not being realized. He suggested that a study of alternative barge sizes and shapes be pursued given Missouri's low water issues.

Director Rahn recognized Sherrie Martin, Senior Multimodal Operations Specialist, stating that her expertise on ports and port facilities was a tremendous asset to MoDOT.

Chairman McKenna thanked the delegation for its presentation.

\* \* \* \* \*

## **PUBLIC PRESENTATION – MO-KAN REGIONAL COUNCIL**

Mr. Mark Hoover, Clinton County Presiding Commissioner, acknowledged the many statewide transportation needs to relieve congestion; however, he emphasized that the state supplementary system (lettered routes) were deteriorating and needed shoulders. He reported that tractor-trailer units use the supplementary routes during harvest time to transport grain to barges. He asked the Commission to also consider improvement of Route 169.

Chairman McKenna thanked Mr. Hoover for his presentation.

\* \* \* \* \*

## UNSCHEDULED PUBLIC COMMENTS

State Representative Jim Whorton expressed appreciation to the Commission for holding its meeting in Northwest Missouri. He reported that Northwest Missouri was unique with its soil types, weather patterns, and number of oversized loads traveling on the highways. He reported that it was frequently necessary for farmers transporting wide farm machinery to move off the 20-foot paved roadway surface onto dirt shoulders. He said the difference in elevation between the pavement and the shoulder creates an unsafe condition. Representative Whorton asked the Commission to be mindful of the special needs of northwest Missouri in future funding allocation decisions.

Director Rahn said the staff was aware of the condition of the bridges and pavements on the supplementary system and was working toward innovative means to address the needed improvements. He reported that the amount of resources for preservation of the supplementary system has not been reduced.

Commissioner Anderson recalled that upgrading Route 36 to a four-lane improvement across the northern part of the state had been a priority of northeast Missouri, and he expressed the hope that this major development would also have a positive impact on northwest Missouri and the rest of the state.

Chairman McKenna thanked Representative Whorton for his presentation.

\* \* \* \* \*

## PROJECTS OF REGIONAL SIGNIFICANCE

District Engineer Don Wichern provided an update on major projects in northwest Missouri:

**Route AC** – Mr. Wichern provided a history of the Route AC extension project, which will provide access to a 350-acre development. The extension will create an eastern loop to the City of St. Joseph and provide traffic relief for Route I-29.

**Atchison Bridge** – Mr. Wichern reported that MoDOT had been working cooperatively with the Kansas Department of Transportation (KDOT) to replace the Missouri River Bridge near Atchison, Kansas, which was built in the 1930s. He anticipated that the Environmental Impact Statement would be completed and submitted to the Federal Highway Administration (FHWA) in the fall of 2006 with a Record of Decision from FHWA anticipated later in the year. He said the staff should be in position to begin construction in 2008 and complete the bridge by fall of 2010. The new bridge is estimated to cost \$80 million, which will be shared equally by MoDOT and KDOT. KDOT will be the lead state for design, construction, and maintenance.

**Smooth Roads Initiative** – Mr. Wichern reported that the Smooth Roads Initiative had allowed significant improvements to be made on Route I-35, I-29, and some routes in downtown St. Joseph. He reported that as a result of the initiative, the “good” condition rating of the major routes in northwest Missouri would increase from 38 percent to 67 percent. He noted that following the Smooth Roads Initiative Program, funds for northwest Missouri would decline significantly.

Chairman McKenna emphasized that the decline in funding would not be unique to northwest Missouri, but would affect transportation improvements statewide. He said the highway improvement program in the past year had been one of the highest in the history of MoDOT. He explained that the increased program was the result of voter approval of Amendment 3 in 2004, which established a dedicated source of funds to be used to retire bonds. He noted that most of the bonds have now been issued and the funds therefrom were being used to make the improvements currently being seen on Missouri’s roadways; therefore, in future years the program will decline to pre-bonding levels as the bonds are repaid.

Chairman McKenna said in order to continue the current level of road improvements, there must be an increase in funding for highways and bridges. He expressed the hope that

Missourians would react positively to a funding increase as a result of the MoDOT's current efforts to improve the highway system.

\* \* \* \* \*

**ADMINISTRATIVE RULE,  
FINAL ORDER OF RULEMAKING,  
7 CSR 10-25.040, NOTICE TO BE GIVEN TO CONSUMERS BY HOUSEHOLD GOODS  
CARRIERS – TIMING OF DELIVERY, FORM AND CONTENTS**

On behalf of the Director, Jan Skouby, Motor Carrier Services Director, reminded the Commission that at its May 10, 2006, meeting, the Commission authorized the staff to file proposed amended rule Title 7, Code of State Regulations, 10-25.04, Notice to be Given to Consumers by Household Goods Carriers – Timing of Delivery, Form and Contents in order to update the Motor Carrier Services Web site information. The amended rule was published in the *Missouri Register* on June 15, 2006, and no comments were received following the publication. Ms. Skouby recommended approval of the final order of rulemaking.

Via approval of the consent agenda, the Commission unanimously approved the final order of rulemaking, Title 7, Code of State Regulations, 10-25.04, Notice to be Given to Consumers by Household Goods Carriers – Timing of Delivery, Form and Contents, and authorized the Secretary to the Commission to file the final rules with the Joint Committee on Administrative Rules and the Office of the Secretary of State. The Commission further authorized the Director, Chief Engineer, or Chief Financial Officer, to execute any document appropriate to initiate the rulemaking process.

\* \* \* \* \*

## CONSIDERATION OF BIDS ON FEDERAL-AID AND STATE PROJECTS

On behalf of the Director, Dave Nichols, Director of Program Delivery, presented the following recommendation pertaining to bids received by MoDOT on July 28, 2006.

### Award of Contracts July 28, 2006, Bid Opening

Mr. Nichols stated that bids for road and bridge improvement projects had been received on July 28, 2006, and he recommended awards be made to the lowest responsive and responsible bidders noted in Table I below. He further recommended the bid of W. A. Ellis Construction Company on Call 101 be declared non-responsive because the bid was missing some components.

**Table I**  
**Award of Contracts**  
**July 28, 2006, Bid Opening**

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
101	AC	Buchanan	J1S0834	\$8,026,722.48	\$0	Loch Sand and Construction Co.	Grading, Alternate Bid Pavement and Bridge (Concrete Girder)
301	61	Lewis	J3P0717*	\$41,061.00	\$500.00	Meyer Electric Company, Inc.	Install Intersection Lighting
401	35/50/70	Jackson	J4I1699	\$885,073.50	\$1,600.00	Comanche Construction, Inc.	Rehabilitation of 6 Bridges.
402	U	Henry	J4L0700A	\$158,365.70	\$0	Hilty Quarries, Inc.	Plant Mix Bituminous Surface Leveling Course (BP-2)
501	C	Osage	J5S0895	\$244,367.65	\$144.00	Boone Construction Co.	Grading, Optional Pavement, and Slide Repair.
502	5	Camden/Morgan	J5P0867**	\$1,051,016.05	\$656.00	Gaines Construction, Inc.	Grading & Paving to Construct Center Turn Lane
601	100	St. Louis	J6S1986	\$140,700.00	\$0	Pace Construction Company, LLC DBA/Pace Construction Company	Median Repair and Replacement
603	64	St. Louis City	J6I0985I	\$8,969,813.29	\$0	St. Louis Bridge Construction Company	Bridge – Rehabilitation
			J6I1246				Grading, Drainage, PCC and Bridge – Steel Girder
701	13	St. Clair	J7P0428	\$23,025,038.69	\$3,221.92	Ideker, Inc.	Grading, Drainage, Alternate Bid Pavement & Bridges
801	65	Taney	J8P0849	\$1,354,622.99	\$1,312.00	APAC-Missouri, Inc.	Coldmill & Resurface with Superpave
		Christian/Taney	J8P0887				

Call No.	Route	County	Job No.	Bid Amount	Non-Contractual Costs	Contractor	Description
<b>X01</b>	55	Cape Girardeau	J0I0767	\$8,162,125.89	\$656.00	Dumey Contracting, Inc.	Grading, Drainage, Alternate Bid Pavement and Bridge – Concrete Girder
<b>X02</b>	67	St. Francois	J0P0591J***	\$518,421.15	\$328.00	Gaines Construction, Inc.	Grading and Optional Pavement to Construct Ramp
<b>X04</b>	67	St. Francois	J0P0591I	\$6,822,142.23	\$941.12	Robertson Contractors, Inc.	Grading, Bridges (Concrete Girder) and Alternate Pavements
				\$59,399,470.62	\$9,359.04		

\* \$32,000 Funding by Lewis County Industrial Development Authority

\*\* \$525,508.03 Funding by City of Laurie

\*\*\* \$92,719.07 Funding by City of Farmington

### Rejection of Bids, July 28, 2006, Bid Opening

Mr. Nichols recommended that Call Nos. 403 and 602 be rejected because they were considered excessive, as noted in Table II below.

**Table II**  
**Rejection of Bids**  
**July 28, 2006**

Call No.	Route	County	Project No.	Description
<b>403</b>	7	Jackson	J4S1779	Grading and optional pavement to construct turn lanes.
<b>602</b>	367	St. Louis	J6U1085	Alternate bid pavement, grading, drainage, and bridges-concrete girder.

### Commission Consideration and Action

Chairman McKenna asked the staff to be expeditious about repackaging Job No. J6U1085, Route 367, St. Louis County, in order to begin this improvement as quickly as possible.

Commissioner Anderson noted that the work that will be accomplished on Route 13, St. Clair County (Call No. 701), would complete a corridor on which work began some 30 years ago.

In response to questions from the Commission regarding MoDOT's practice of allowing bidders to submit bids using either asphalt or concrete (alternate bids), Mr. Nichols reported that Missouri uses this process to a greater extent than other states. He said its use in Missouri has been very successful. A consulting firm is currently reviewing Missouri's processes pertaining

to alternate bids, and Mr. Nichols anticipated completion of that review in late August. He will provide a report to the Commission thereon at the Commission's September or October, 2006, meeting.

After consideration and upon motion by Commissioner Kehoe, seconded by Commissioner Anderson, the Commission took the following actions:

1. Awarded contracts to the lowest responsive and responsible bidders for bids received on July 28, 2006, as recommended and noted in Table I above. Non-contractual costs for these projects are shown on the above tabulation. Commissioner Gach abstained from voting on Call No. 101.
2. Rejected all bids on Call Nos. 403 and 602, as noted in Table II above, because they were considered excessive.

In keeping with the Commission's Delegation of Authority to Execute Documents, the Director, Chief Engineer, Chief Financial Officer, or the Director of Program Delivery may execute the contracts awarded above.

\* \* \* \* \*

## **ROADWAY DESIGN APPROVAL**

On behalf of the Director, Becky Baltz, District 7 Engineer, informed the Commission that preliminary plans and exhibits for the following project were advertised for and presented at a public hearing.

**Route 66, Jasper County  
Bridge over Turkey Creek  
From Duquesne Road to Route 249 in Joplin  
Job No. J7S0594  
Public Hearing Held May 2, 2006**

This proposed improvement provides for widening the existing roadway to include four 11-foot through lanes, a 14-foot two-way center turn lane, 8-foot shoulders, and a new bridge over Turkey Creek. The road will be closed at the bridge location during bridge construction. Traffic will be detoured over other state routes. This project is 1.6 miles in length.



Ms. Baltz recommended approval of the design as presented at the public hearing.

After, full consideration of the favorable and adverse economic, social, and environmental effects of the recommended designs, the Commission, via approval of the consent agenda, unanimously found and determined the recommended designs would best serve the interest of the public and approved the recommendations.

\* \* \* \* \*

### **RATIFICATION AND APPROVAL OF RIGHT OF WAY PLANS FOR CONDEMNATION**

On behalf of the Director, Dave Nichols, Director of Program Delivery, recommended the Commission ratify the Chief Engineer's approval of the following right of way plans, which have been filed for condemnation.

<b><u>County</u></b>	<b><u>Route</u></b>	<b><u>Job Number</u></b>	<b><u>Date Commission Approved Design</u></b>
Adair	63	J2P0747	January 11, 2006
Macon	63	J2P0748	March 8, 2006
Moniteau/Cole	50	J5P0632A	August 12, 2005
St. Charles	N	J6S1826	July 9, 2006
St. Louis Co & St. Louis City	I-64	J6I0978	October 14, 2005 (1 <sup>st</sup> Amended)

In accordance with Section 227.050 RSMo 2000, as amended, the Commission, via approval of the Consent Agenda, approved the right of way plans for the above noted projects and directed they be filed as necessary for the condemnation of right of way.

\* \* \* \* \*

## **THE FULTON SOUTH BUSINESS 54 TRANSPORTATION DEVELOPMENT DISTRICT, CONSIDERATION OF THE PROJECT AND APPOINTMENT OF ADVISOR**

On behalf of the Director, Roger Schwartz, District 5 Engineer and Kirk Boyer, Resource Management Director, advised the Commission that in response to a petition filed by the City of Fulton, Fulton Commons, L.L.C., Fulton Senior Center Building Fund, B & B Movie Theatres, L.L.C. and Bruce Meyer, with the Circuit Court of Callaway County, the court, on June 12, 2006, established the Fulton South Business 54 Transportation Development District as a political subdivision for the purpose of funding all improvements necessary to upgrade Business Route 54 in Fulton, Missouri, between Collier Street and Tennyson Road. The Commission does not own any real property within the proposed Transportation Development District; however, the proposed transportation project includes widening and building new infrastructure along Business Loop 54 between Collier Street and Tennyson Road in the city, including curbs, gutters, sidewalks, street lighting, storm sewers, and other improvements.

In keeping with Sections 238.220(3) and 238.225(1), RSMo, the Commission, via approval of the consent agenda, (1) appointed the District 5 District Engineer or his designee as the Commission advisor to the Fulton South Business 54 Transportation Development District's board of directors and (2) found the improvements along Business Route 54 a necessary and desirable extension of the state highway system, subject to the Transportation Development District making any revisions in the plans and specifications required by the Commission and subject to the Transportation Development District entering into a mutually satisfactory agreement with the Commission regarding development and future maintenance of the state portion of the project. The Commission has no financial participation in the project. In keeping with the Commission's Delegation of Authority to Execute Documents, the Director, Chief

Engineer, Chief Financial Officer, or respective business unit director may execute the related agreements.

\* \* \* \* \*

### **AMENDMENT 3 BOND SALES**

On behalf of the Director, Roberta Broeker, Chief Financial Officer, reported that \$800 million of bonds were sold during July 2006, with actual proceeds being \$833 million. Over \$101 million, of the \$800 million, were sold at retail, which Ms. Broeker felt reflected confidence of Missouri citizens in MoDOT. The average interest rate on the bonds over the entire issuance is 4.58 percent. The average life of the bonds is 15 years; the longest issuance is 20 years.

Ms. Broeker commended the efforts of the MoDOT staff members Kirk Boyer, Ben Reeser, Amy Binkley, Jay Moore, and John Cauwenberg, MoDOT's financial advisor Jeanne Vanda representing Public Financial Managers, and the lead teams involved in the bond sales on their expertise and efforts, which resulted in a successful bond sale.

\* \* \* \* \*

### **MEDICAL AND LIFE INSURANCE PLAN, CALENDAR YEAR 2007 FUNDING, MEDICAL PLAN OPTIONS**

On behalf of the Director, Jeff Padgett, Manager of Employee Benefits, reported that Watson Wyatt Worldwide conducts an actuarial review and analysis of medical plan funding on a semi-annual basis. Based upon the June 30, 2006, review and recommendations, Mr. Padgett recommended the Commission absorb the estimated \$1.8 million increase in contributions recommended by the actuary for employees and retirees of MoDOT (\$1.4 million) and the

Missouri State Highway Patrol (\$400,000) in Calendar Year 2007. This will result in a total annual cost of approximately \$67.8 million (\$51.3 million for MoDOT and \$16.5 million for the Missouri State Highway Patrol) and will result in no out-of-pocket increase for active employees or retirees. The amount applicable to MoDOT employees and retirees will be paid from MoDOT funds and the amount applicable to the Missouri State Highway Patrol will be paid from funds appropriated to the Patrol.

Mr. Padgett further recommended the Commission approve a modification of the current medical plan benefit choices to eliminate the HMO benefit option, thereby saving approximately \$3.5 million for the plan in calendar year 2007.

Mr. Padgett explained that the total recommended increase in the plan funding is 8 percent, taking into consideration the savings that would be achieved by eliminating the HMO benefit option. He recommended that 2 percent of the increase be funded by the Commission through the operating budget and 6 percent of the increase be funded through the premium stabilization reserve.

Mr. Padgett advised the Commission that the staff had spent considerable time and effort establishing a Medicare Part D prescription drug plan. He said in spite of the numerous federal regulatory requirements, which includes communication and marketing requirements, a plan had been established, which will allow both Medicare members and the plan to save money.

Mr. Padgett also reported that his staff is currently focusing on the Governmental Accounting Standards Board Statement 45 requirements pertaining to reporting unfunded liabilities on the financial statements. The actuary for the Medical and Life Insurance Plan will identify options for funding the unfunded liability.

Commissioner Anderson said he was pleased that the Commission had been able to fund increases in medical insurance premiums to a level that affords MoDOT employees and retirees relief in this area; however, he emphasized that such a trend is unusual and most likely could not be continued in future years.

After consideration and upon motion by Commissioner Michie, seconded by Commissioner Gach, the Commission unanimously approved the recommendations.

\* \* \* \* \*

## **AUDIT CHARTER AND AUDIT COMMITTEE CHARTER**

On behalf of the Director, Bill Rogers, Director of Audits and Investigations, conveyed the recommendation of the Audit Committee to revise the Audit Charter and Audit Committee Charter to update title changes and new auditing responsibilities.

Via approval of the consent agenda, the Commission unanimously revised the audit and audit committee charters, as follows:

### **Missouri Department of Transportation Audits and Investigations Unit Audit Charter**

#### **Accountability and Authority**

The Director of Audits and Investigations will report to the Director of the Missouri Department of Transportation and, as necessary, to the Audit Committee of the Missouri Highways and Transportation Commission. The Audits and Investigations Unit (AI) will not be organizationally located within the staff or line management functions of the department.

AI has continuing access to all records, letters, notes, memoranda, and other data (except attorney-client privileged materials in Chief Counsel's Office files) produced by any office or individual that relates in any way to the operations of the Missouri Department of Transportation. Accordingly, the Missouri Highways and Transportation Commission and the Director of the Missouri Department of Transportation direct all employees of the department to provide all requested information to AI, and indeed to volunteer information of which AI may be unaware.

## Scope of Work

The audit functions of AI shall include, but not be limited to, the following:

- a. AI shall conduct internal audits and reviews of the Missouri Department of Transportation's operations. The audits and reviews will provide the department and the Missouri Highways and Transportation Commission with objective appraisals concerning department programs and functions and make recommendations for necessary improvements.

Audits will be performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States, and may include financial audits, attestation engagements and performance audits, as defined therein.

Additional guidance for the performance of these functions will be AI's Audit Policy and Procedures Manual, as well as regulations issued by the Federal Highway Administration.

- b. AI shall conduct audits and reviews of actual cost contracts or grants awarded to third party entities, as deemed necessary to ensure the terms of the contract or grant have been met; the cost billed for providing the contract item or grant purpose was incurred and eligible; and to determine compliance with established MoDOT policies, plans, and procedures, as well as federal and state laws and regulations.

Primary guidance for the performance of these functions will be Government Auditing Standards, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; regulations and procedures of the Missouri Department of Transportation and the Federal Highway Administration; the Federal Acquisition Regulations; and the Revised Statutes of Missouri.

- c. AI shall conduct audits and reviews of Missouri motor carriers, as deemed necessary to verify International Fuel Tax Agreement (IFTA) tax returns and International Registration Plan (IRP) applications.

Primary guidance for the performance of these functions will be the IFTA Audit Manual and the IRP Audit Manual

- d. In addition to these functions, AI shall perform special reviews as requested by the department Director, the Chief Engineer, the Chief Financial Officer, other department officials, or the Audit Committee of the Missouri Highways and Transportation Commission.

AI shall coordinate with other audit and review groups that are concerned with the operation of the department; or the operation of the various contractors, consultants, and subrecipients of the department. AI audits and reviews shall be executed in such a manner as to minimize duplication of effort.

### **Independence**

AI is an integral part of the department's system of internal control. As such, AI's functions are so fundamentally important that they are designated as ongoing and continuing, and are to be free from all organizational, internal, and external impairments that might interfere with or otherwise influence, restrict, or modify the scope or character of audits or reviews, or the selection of audit or review procedures.

AI shall not become involved in the management of the department or in the implementation of corrective action taken as a result of audit or review recommendations. In all cases, AI will remain independent, to ensure impartial and unbiased opinions, conclusions, and judgments.

### **Missouri Highways and Transportation Commission Audit Committee Charter**

Pursuant to the unanimous decision of the Missouri Highways and Transportation Commission at its meeting of September 4, 1998, an Audit Committee was established and charged with interacting with internal and external auditors and performing specific financially related assignments as the Committee and Commission deem appropriate, and with providing periodic reports to the Commission. This Charter is hereby adopted to clarify the responsibilities of the Audit Committee and delegate to the Audit Committee the authority necessary to accomplish its mission.

1. The Audit Committee is a standing committee composed of not less than two commissioners, appointed by the Chairman of the Missouri Highways and Transportation Commission, to serve for such terms as agreed to by the Chairman and the members of the Audit Committee. The Audit Committee shall select its chairman from its membership, to serve for such term as determined by the Committee.
2. The Audit Committee shall be responsible for the following:
  - a. Approve the appointment of the independent auditor.

- b. Meet with the independent auditor to review the results of the independent audit, including the auditor's recommendations for improvement and management's responses.
- c. Meet with the Chief Financial Officer and/or Controller for a briefing and analysis of the department's system of internal controls, as deemed necessary by the Audit Committee or the Chief Financial Officer.
- d. Meet privately with the independent auditor, as deemed necessary by the Audit Committee or the independent auditor.
- e. Periodically meet with the Director of Audits and Investigations (AI) to review the results of internal audits, including management's response.
- f. Meet privately with the Director of AI, as deemed necessary by the Audit Committee or the Director of AI.
- g. Meet with the State Auditor to discuss audit findings and management's response, as deemed necessary by the Audit Committee or the State Auditor.
- h. Report the results of the Audit Committee meetings to the Commission.

\* \* \* \* \*

#### **AIRSPACE AGREEMENT, INTERSTATE 70, CITY OF ST. LOUIS**

On behalf of the Director, Ed Hassinger, District 6 Engineer, recommended approval of an Airspace Agreement with Pinnacle Entertainment, Inc., to construct a public underground pedestrian link between the Baer Plaza and Pinnacle's mixed-use redevelopment project on the riverfront. The pedestrian tunnel will pass under Interstate 70 in the City of St. Louis. He noted that Pinnacle Entertainment, Inc., would provide liability insurance to cover any claim arising out of the construction, use, and/or maintenance of the pedestrian tunnel. Plans for the tunnel will be subject to approval of the District Engineer and concurrence of the Federal Highway Administration. Should it be determined at a future date that it is in the best interest of the



Commission for the tunnel to be removed, the Commission, at its sole discretion, may revoke the agreement and all easement rights.

Via approval of the consent agenda, the Commission unanimously approved the Airspace Agreement with Pinnacle Entertainment, Inc., with the lease payment charged to Pinnacle Entertainment, Inc., being in an amount compensable with fair market value. The Commission authorized the Director, Chief Engineer, Chief Financial Officer, or Right of Way Director to execute the agreement subject to approval as to form by the Chief Counsel's Office.

\* \* \* \* \*

#### **HYBRID UTILITY TRUCK PILOT PROGRAM, USE OF ALTERNATIVE FUELS**

On behalf of the Director, Dave DeWitt, Deputy Director of Administrative Services, reported on two efforts that will result in MoDOT being more environmentally responsible.

The first effort involves participation in a utility hybrid truck pilot program sponsored by WestStart, a not-for-profit organization. The trucks are anticipated to cut emissions by nearly half and save from 40 to 60 percent on fuel consumption.

Shawn Brougham, Manager of Product Engineering at Altec Industries, St. Joseph, commended MoDOT for its participation in the program and noted that the hybrid trucks would both lessen the negative impact on the environment and save money. The hybrid trucks will be evaluated over an 18-month period.

The second effort pertains to MoDOT's use of alternative fuels. Mr. DeWitt reported that MoDOT is the lead state agency in the use of alternative fuels. He pointed out, however, that there are challenges pertaining to alternative fuel use, including availability of the fuel, quality of the fuel, performance of the fuel during cold weather, fuel economy, and cost. Mr. DeWitt

emphasized that alternative fuels conserve energy, reduce dependence on foreign energy sources, and supports Missouri agriculture.

\* \* \* \* \*

**DISPOSAL OF EXCESS PROPERTY,  
I-44 SPUR (MISSOURI AVENUE), PULASKI COUNTY**

On behalf of the Director, Tom Stehn, District 9 Engineer, recommended conveyance of Excess Parcel E9-0291, located along the I-44 Spur (Missouri Avenue), Pulaski County, to the highest bidder, Virginia L. Thomas, for \$275,000. He advised the Commission that the 4.23-acre property was listed for sale by auction in the St. Robert and Rolla, Missouri, newspapers. The parcel was acquired in conjunction with Job No. J9S0492.

Via approval of the consent agenda, the Commission unanimously approved the recommendation.

\* \* \* \* \*

**OUTDOOR ADVERTISING RESTRICTION CONDITIONAL WAIVER,  
ROUTES 50/63, COLE COUNTY**

On behalf of the Director, Roger Schwartz, District 5 Engineer and Terry Sampson, Right of Way Director, recommended approval of an amendment to an existing agreement with Wal-Mart Stores East, L.P., to allow Wal-Mart to erect signs on a specific parcel of property along Route 50/63, Cole County, for the limited purpose of advertising goods and services available on the property. The ban on any outdoor advertising for goods or services not available on the property would remain in effect.

Via approval of the consent agenda, the Commission approved the recommendation and authorized the Director, Chief Engineer, or Chief Financial Officer to execute the contract subject to approval of the contract as to form by the Chief Counsel's Office.

**--- REPORTS ---**

The Commission received the following written report.

**FINANCIAL REPORT – FISCAL YEAR 2006**

Roberta Broeker, Chief Financial Officer, presented the Financial Report for the end of the fiscal year, June 30, 2006, with budget and prior year comparisons.

\* \* \* \* \*

\* \* \* \* \*

## **LUNCHEON MEETING IN SAVANNAH CONDITION OF SUPPLEMENTARY SYSTEM**

Following the Commission's regular meeting, the Commission met in Savannah, Missouri, with a group of local citizenry concerned about the condition of the supplementary system (lettered routes) in northwest Missouri.

Director Rahn reported to the group that the staff was taking a systematic approach to addressing highway improvement needs and assured them that the amount of resources for preservation of the supplementary system had not been reduced. He also reported that MoDOT had not been able to keep pace with rehabilitation of Missouri's bridges, many of which are located on the supplementary system. He said he was concentrating the staff's efforts on this critical need and hoped to be able to identify an innovative means to make significant improvement to the bridges in an expeditious manner.

The Commission and Director Rahn thanked the local area for hosting the luncheon meeting and Representative Brad Lager for organizing and participating in the event.

\* \* \* \* \*

\* \* \* \* \*

By unanimous consensus of all members present, the meeting of the Commission adjourned.

\* \* \* \* \*